

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
0.07%	0.03%	\$1,500	\$60.94	37,060.37	20,618.57	3,122.57	2,880.33	83.50	91.63	100.59	.77	
5,223.41	9,699.45	(per ounce)	(per barrel)					BUY TK	84.50	95.43	104.39	.81

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বিশেষ সঞ্চয় কিম্বা  
প্রাকৃতিক মুদাফা

৩ বছর	৫ বছর	১০ বছর
৯.২৫%	৯.৫০%	১০%

উল্লেখ্য শীঘ্রই এর সুদসহ  
সীমিত ডিবিডেন্ড পরিকল্পনা।

**SIBL**  
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# Star BUSINESS

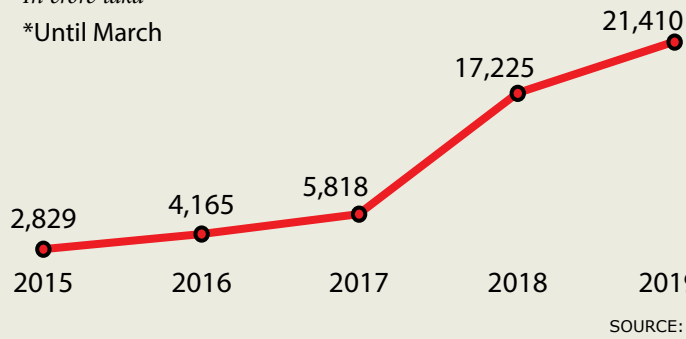
DHAKA THURSDAY AUGUST 22, 2019, BHADRA 7, 1426 BS • starbusiness@thedailystar.net

## Defaulter Root Group to get fresh loans from Janata

BB may approve the proposal though probe is ongoing

### DEFAULT LOANS IN JANATA BANK

In crore taka  
\*Until March



### ALLEGATIONS AGAINST ROOT GROUP'S COMPANIES

They have defaulted loans of Tk 1,049cr with Janata

- Ranka Sohela laundered money, found a BB probe report in 2013
- Ranka Denim diverted fund of Tk 379cr, according to Janata Bank
- Gram Bangla Fertilizer refused to pay \$60,660 to an Indian bank in 2011 for imports
- Four officials of Janata were sacked due to their connection with Root Group

AKM ZAMIR UDDIN

In a baffling move, the central bank is set to allow precarious Janata Bank to reschedule default loans amounting to Tk 1,049 crore of little-known Root Group that ranks 49 out of the top 300 defaulters in the country.

Root Group, a textile and fertiliser producer, will be permitted to regularise its bad loans by providing only 5 percent down payment -- at a time when it is being investigated by two wings of the Bangladesh Bank for charges of money laundering.

Not only that, the state bank is preparing to extend fresh import financing worth Tk 750 crore to the group.

Janata's generosity towards Root Group comes at a time when the bank's financial health is fragile.

As of June, its provisioning shortfall stands at Tk 8,256 crore -- the biggest deficit for a bank in Bangladesh's history.

At the end of March, its default loans stood at Tk 21,410 crore, which was 44 percent of its total outstanding loans. Root alone accounted for 4.90 percent of the sum.

And in giving the loans Janata breached the single borrower exposure limit set by the central bank.

Banks are allowed to disburse a maximum of 15 percent of their capital to a person or group. The total outstanding loans of Root, at Tk 1,060 crore, is 19.51 percent of Janata's capital.

And by extending fresh financing Janata will tread further past the ceiling.

It all started on July 8, when the Janata board decided to reschedule Root's default loans by taking 3 percent down payment -- or Tk 30.80 crore -- of the outstanding amount.

Were the central bank rules followed, Root would have to give at least Tk 142.28 crore as down payment.

Then on July 28 the lender sought the BB's no-objection certificate (NOC) to reschedule the default loans for nine years against 3 percent down payment.

Surprisingly, the central bank's higher ups responded to the plea positively and it has already completed all preparation to regularise the loans.

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## India calls for fast-tracking project implementation

JAGARAN CHAKMA

India has asked Bangladesh to complete all official procedures of the projects under its second and third lines of credit with the view to speeding up implementation.

The High Commission of India in Bangladesh has recently written to the Economic Relations Division (ERD) in this regard, said a senior official of the division.

Bangladesh's Foreign Minister AK Abdul Momen recently told The Daily Star that Dhaka also wants speedy disbursement of Indian LoCs as the projects under the funding are facing delays mainly due to technical and bureaucratic reasons.

In the last eight years, Bangladesh managed to use \$523.60 million of the first LoC worth \$862 million despite various steps to expedite utilisation of funds.

Dhaka has so far used \$15.60 million of the \$2-billion second LoC. India is yet to disburse any money from the \$4.5-billion third LoC.

The letter of the High Commission called for a faster processing of the bills for the ongoing projects, the ERD official said.

It said Bangladesh is using a method in the projects funded by other development

partners, where the bills go directly from the project director to funding agencies. For such cases, the bills may be sent directly to Exim Bank of India, according to the letter.

The issue was raised with Indian External Affairs Minister S Jaishankar in Dhaka on Tuesday.

The official said the ERD wrote to the line ministries, which are implementing the projects under the LoCs, to process the bills within a couple of weeks after they are submitted.

"We just forward the bills to the High Commission of India for approval so that the Exim Bank of India pays the bill on time," he said.

Under the first LoC, 12 projects out of 15 have already been implemented. The remaining projects are currently under implementation. Dhaka and Delhi signed the first LoC in August 2010.

Under the second LoC signed in March 2016, 16 projects have been identified for coverage. Thirteen projects have reached the lending stage for consultancy and goods procurement. The third LoC was signed in October 2017 and 17 projects have been initially identified for financing.

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## INDIAN CREDIT SCENARIO

First LoC: \$862m	Second LoC: \$2b	Third LoC: \$4.5b	Fourth LoC: \$500m
(excluding \$200m grant)	Deals signed in 2016	Deals signed in 2017	(for defence purchase)
Deals signed in 2010	Total projects: 16	Total projects: 17	Deals signed in 2019
Total projects: 15	Projects at bidding stage: 13	Projects approved: 4	
Projects completed: 12	Loans disbursed: \$15.6m		
Loans disbursed: \$523.6m			

## Govt to import \$819.3m petroleum product

STAR BUSINESS REPORT

The government will import 14.35 lakh tonnes of petroleum product worth \$819.30 million during July to December this year under a government-to-government arrangement.

The cabinet committee on purchase approved a proposal of Bangladesh Petroleum Corporation (BPC) in this regard at a meeting with Agriculture Minister

Muhammad Abdur Razzaque in the chair yesterday.

According to the BPC proposal, the petroleum will be imported from Malaysia, Thailand, Indonesia, the United Arab Emirates, Kuwait and China.

The premium, which is the cost of shipping and includes freight charges and insurance, for importing diesel will be \$2.95 per barrel, Jet fuel-1 \$3.95, petrol \$4.90 and furnace oil \$28.25 per tonne.

## Leather goods exports rebound

REFAYET ULLAH MIRDHA

Export of leather and leather goods from Bangladesh rebounded strongly after more than two years thanks to higher shipments to non-traditional markets and the US-China trade war, exporters said.

Shipments in July amounted to \$106.10 million, a 16.39 percent year-on-year growth, data of the Export Promotion Bureau (EPB) showed. This is the only sector after garments which fetched \$1 billion last fiscal year.

It, however, had registered negative growth over the past two years or so because of a gradual shift of tanneries from Hazaribagh to a newly built Savar Tannery Industrial Estate.

Of the 155 tanneries that have relocated so far, 123 have gone into full or partial operation and the rest are in the process, according to tanners.

Tanners are the main suppliers of raw materials to manufacturers and exporters of leather goods like shoes and bags.

Value addition has recently increased a lot, said Saiful Islam, president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh.

For instance, of last fiscal year's \$1.01 billion exports, 83 percent came from leather goods and the remaining from finished or tanned leather. Previously, it was vice versa, Islam told The Daily Star over the phone.

The performance has been very strong not only in traditional markets like that of the US, the European Union and Canada but also in non-traditional ones like that of Australia, Japan and Singapore, he said.

For instance, leading Australian brand Nimco has been sourcing in bulk quantities.

Moreover, the trade war's benefits are spilling past the apparel sector, swaying a significant quantity of work orders from China as the production cost in Bangladesh is more competitive, Islam said.

Exporters also said winter shipments had started, inflating the export volume compared to that in other seasons.

Moreover, there will be a boom in work

orders once certifications are attained from global rights body Labour Working Group (LWG) and the Savar estate's central effluent treatment plant (CETP) becomes operational, said Islam.

Then local tanners will be able to generate adequate quantities of processed leather, reducing dependency on imports, he said.

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Exports of leather goods rose due to higher shipments to non-traditional markets and the US-China trade war.

## DSE turnover up 15pc backed by nine stocks

STAR BUSINESS REPORT

Turnover at Dhaka bourse jumped 14.72 percent yesterday riding on the price rise of nine companies which accounted for around 37.26 percent of the total amount changed hands.

Some Tk202.17 crore of the day's turnover of Tk 542.55 crore, up from Tk 472.94 crore on Tuesday, came from the nine.

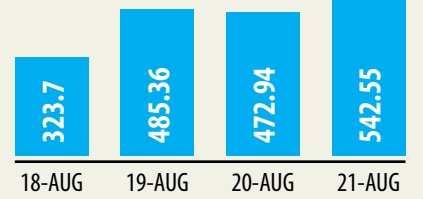
They are United Power Generation, Orion Infusion, Fortune Shoes, JMI Syringes and Medical Devices, Bangladesh Shipping Corporation, Monno Ceramic Industries, Beacon Pharmaceuticals, Khulna Power Company and Silco Pharmaceuticals.

Industry experts attributed the rise to the stocks of United Power, which attracted Tk 67.83 crore, almost four times higher than their regular turnover.

A rumour that the company's earnings would grow prompted investors to rush into purchasing its shares in large numbers, said a top official of a leading merchant bank.

### DSE turnover

In crore taka



He said the company's turnover has been rising for the last couple of days.

The market has been at low levels after the Eid-ul-Azha break which encouraged investors to put in money and take a position, another merchant banker said.

The DSE's benchmark index, the DSEX, declined 4.08 points or 0.07 percent to close at 5,223.41.

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## Summit to raise Tk 100cr through Mudaraba bond

MUHAMMAD ZAHIDUL ISLAM

Summit Communication plans to raise Tk 100 crore from the local market by issuing a Shariah-based non-convertible Mudaraba bond to expand its fibre optic cable network up to the remotest part of the country.

Each certificate will have a face value of Tk 1 crore and the minimum subscription will be Tk 5 crore, the company's CEO Arif Al Islam told The Daily Star.

The leading nationwide telecommunication transmission network operator currently has 44,000-kilometre fibre optic cable, covering all the upazilas and about 1,000 union parishes.

"We have a plan to bring at least another 500 union parishes under our coverage within the next six to nine months with this money," said Islam said.

It will also expand the capacity in some of the high demand areas, he added.

According to the proposal of the

company, the initial interest rate of the bond will be 9 percent and subsequently the rate of interest will be determined by an average of interest rate of deposits of commercial Islamic banks as published on the Bangladesh Bank's website plus 3 percent margin.

The interest rate, however, will not be less than 8 percent or more than 10 percent.

The maturity period will be five years starting on the issue date, according to a letter Summit recently sent to the Bangladesh Telecommunication Regulatory Commission (BTRC) seeking permission for it.

The BTRC has decided to seek comment from the Bangladesh Securities and Exchange Commission on whether there is any legal complexity to the issuance of the bond.

Green Delta Capital Ltd will be the issue manager of the bond while LankaBangla Finance will be the trustee. Summit Holdings will be the corporate guarantor.

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## Walton to export refrigerators, ACs to India

STAR BUSINESS DESK

Local electronics manufacturer Walton is all set to export refrigerators and air-conditioners to India.

According to a deal signed on Monday, Walton as an original equipment manufacturer will supply 1 lakh units of refrigerators and 20,000 residential air-conditioners to Hyundai Electronics.

Hyundai will import the products through its partner Goldenarch Consumer Electronics Pvt Ltd.

Edward Kim, president for international business unit of Walton Group, and Abhishek Malpani, director of Hyundai Electronics India, inked the deal at Walton Hi-Tech Industries in Gazipur.

SM Ashraf Alam, managing director of Walton Hi-Tech Industries, and SM Mahbul Alam, a director, were present at the signing ceremony.

"Bangladesh is going to set a new milestone by exporting electronic products. Within a very short time Walton will make Bangladesh one of the largest consumer electronic goods exporters," Alam said in a statement.

"We have strong determination and detailed master plan to be recognised as the most reliable business partner of many global brands."

"I am confident about our product quality and technology leadership as we are continuously investing and ready to invest more for Walton to secure global leadership in terms of technologies, quality as well as design," he added.

EM Yang, chief technical officer of Walton, said Walton's products are being manufactured using the world's most advanced technologies and machinery and quality is strictly maintained in every step of production.

"As a result, Walton is ready to deliver reliable products according to the consumers' demand in the international market."

Kim said: "We are very happy to have such a remarkable brand like Hyundai as our sustainable business partner. We will do our best to satisfy our business partners with our differentiated product design and quality."

Hyundai officials visited various production units of Walton, including refrigerator, compressor, glass-door and ACs.

In July, Walton started exporting ACs to Yemen, a Middle Eastern country. The company has been exporting refrigerators to Yemen for the last couple of years, news agency UNB reported recently.

The company has set a target to earn \$1 billion from exports of electronics and electrical appliances by 2028.